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DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
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IN REPLY REFER TO

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CNO PERSONAL NO. 36

To: Flag and General Officers

Subj: Dope

ITEM 1 - (OFFICIAL USE ONLY)

CNO Advisory Board (CAB)

About two years ago a CNO Advisory Board (CAB) was established to advise the CNO on budgetary matters. This Board has been one of the most important reasons why Navy budgets have been so solid and fairly devoid of "soft spots".

The Board is comprised as follows:

Members: VCNO (Chairman), the Deputy Chiefs of Naval Operations, Chief of Naval Material, ACNO (General Planning), Deputy Comptroller, and Representative of the Commandant of the Marine Corps.

Associate Members: Chiefs of the Bureaus, COMSTS, ASW Readiness Executive, ACNO (Personnel), ACNO (Naval Intelligence), ACNO (Research and Development), Director, Naval Communications, Director, Long Range Objectives Group, Assistant Comptroller, Director of Budget and Reports, Chief of Naval Research, and Chief of Industrial Relations.

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ITEM 4 - (FLAG OFFICERS ONLY - HOLD CLOSELY - SECRET)

Request for Additional DOD Supplemental Funds

On 20 March the Secretary of Defense approved a list of high priority items for each Service which he is submitting through the President to Congress in a request for augmentation of the regular FY 1959 budget. These funds, if approved by Congress, will be a shot in the arm for some of our programs, particularly ASW. The total amount of money being requested for the Navy is \$634.6 million which is approximately 34% of the total funds being requested.

This proposed add-on to the FY 1959 budget got started on 27 February when the SECDEF turned over to the JCS for review a list of priority projects gathered from requests which the Services had apparently submitted individually to SECDEF to be considered for supplemental funding.

I do not know if the other Services made formal requests for all the additional funds that appeared on that list; however, in the case of the Navy, we had submitted a letter to the SECDEF on 30 January recommending that the POLARIS program be further accelerated and augmented to provide, among other things, six submarines in addition to the three currently authorized, and that if approved, a request for supplemental funds for FY 1958 and FY 1959 be submitted to Congress to the extent of approximately \$1.2 billion.

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The sum total of the projects of all Services was approximately \$6 billion and included anti-ballistic missile missiles, satellites, ballistic missiles, manned space vehicles, more B-52's and KC-135's, and lot of Army modernization. The list included only two items for the Navy, these being further acceleration of the POLARIS program and funds for anti-submarine warfare.

The SECDEF requested JCS to review his list and to recommend projects and funding amounts under the two assumptions that (a) \$1.5 billion would be the limit, and (b) \$2.5 billion would be the limit. The following paragraphs give a summary of the various reviews leading up to the final decision by SECDEF, and also indicate what the funds for the Navy will provide.

The Chiefs agreed to submit their own list of priority projects requiring additional funding, and further agreed to submit three such lists. The first list would contain those items which each Service considered it needed without regard to a budget limitation. The other two lists would be as SECDEF requested. Instead of an agreed-upon package under each heading, it was decided to present to SECDEF this time the views of each Service on its own requirements, including each Chief's views on the other Services' submissions.

The Chiefs met on this problem several days in succession, each day strengthening the arguments for his own requests, and

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his arguments against the "soft spots" in the other Services.

From the beginning, the Navy had a pretty solid request.

In the final paper to SECDEF, each Service claimed the lion's share of the two limited categories. Each Service's views on how the pie should be cut is illustrated below:

	(In millions of dollars)		
	<u>Total Navy Submission</u>	<u>Under \$2.5B Category</u>	<u>Under \$1.5B Category</u>
<u>NAVY VIEWS</u>			
on the Navy	2605	1541	875
on the Army	501.9	362.1	284.5
on the Air Force	596.5	596.5	364.0
on the Marine Corps*	83.0	23.0	
TOTAL	3786.4	2522.6	1523.5

* Marine Corps requested \$83 million under each category

ARMY VIEWS

on the Navy	488	488	344
on the Army	2850	1872.7	1145.5
on the Air Force	813	400.4	133
on the Marine Corps			
TOTAL	4151	2761.1	1622.5

AIR FORCE VIEWS

on the Navy	1137	367	245
on the Army	1830	478	256
on the Air Force	3216.1	1656.9	1193.9
on the Marine Corps			
TOTAL	6183.1	2501.9	1694.9

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We stated our requirements under each category to be as follows:

	<u>(In millions of dollars)</u>		
	<u>Total Navy Submission</u>	<u>Under \$2.5B Category</u>	<u>Under \$1.5B Category</u>
I POLARIS Acceleration	1,204	611	400
II Naval Radio Research Observatory	71	71	71
III ASW Augmentation	957	553	305
IV Pacific Missile Range	114	114	99
V Guided Missiles	<u>259</u>	<u>192</u>	<u> </u>
	2,605	1,541	875

The \$1204 million for POLARIS, together with funds already programmed, would provide nine submarines by the end of 1961 plus the missiles for these submarines, an operating base at Charleston, an FBM submarine tender, facilities for missile and test vehicle production, personnel training, system development, test and evaluation, and communications and associated facilities.

The \$71 million for NRRO would finance a project which would greatly increase the available intelligence on Soviet military activities and technology, and would be of utmost importance to all intelligence agencies of the government.

The \$957 million for ASW would enable us to complete Project CAESER, replace some of the equipment with improved equipment, increase Project CAESER back-up forces with new

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improved ships, aircraft and equipment, and accelerate ASW research and development.

The \$114 million for the Pacific Missile Range would be to accelerate the completion of this range, the establishment of which was directed by SECDEF, with the Navy as Executive Agent. This range will support test, evaluation, and training for development of selected missiles and satellites of all the Armed Forces. The major components of the range complex will be the Naval Air Missile Test Center, Point Mugu; the Naval Missile Facility, Point Arguello; San Nicholas Island; and missile impact areas located in the Pacific Ocean.

The \$259 million for guided missiles would provide improved offensive and defensive guided missiles in most categories from one to two years earlier. These missiles would include REGULUS II, TALOS (6B2), SPARROW III, Advanced TERRIER, Advanced BULLPUP, EAGLE, RAVEN. The funds would also provide for installation of surface-to-surface missiles in five guided missile cruiser conversions, and accelerate the construction of three REGULUS guided missile submarines.

In the JCS memo to SECDEF, the Army and Air Force fully supported us in the funds requested for NRRO, and they also supported some funds, but not much, for POLARIS acceleration and ASW under all three lists. In commenting to SECDEF on the Navy's submissions, the Army and the Air Force seized the oppor-

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tunity to expound upon their pet peeves against the Navy, particularly carriers, which was not an item up for discussion.

a. On POLARIS the Army stated that the feasibility of the system is still unproved, the missile is too inaccurate for effective use against priority targets, and therefore the system will be effective only against urban and industrial targets rather than specific targets such as submarine pens, air fields, and missile sites. This places POLARIS in the category of an over-all deterrent system and raises the question of how much and what proportions of ICBM's, IRBM's and atomic - capable aircraft are required.

The Air Force stated that POLARIS is open to question on:

(1) The ability of the system to maintain an alert on station and thus its ability to fulfill specific target commitments.

(2) Its accuracy except when located at or very near, previously surveyed geographical or oceanographic points.

(3) Its ability to transmit and receive communications while submerged, and thus its ability to respond to centralized control.

b. On ASW the Army stated that funds already budgeted are sufficient for construction of ASW ships and aircraft. The Army contends that the Navy can attain an adequate ASW capability if current funds were used for ASW which are now

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used for support of attack carriers and their supporting vessels.

The Air Force, commenting on ASW, stated that the Navy must face the decision to channel funds into higher priority projects and reduce forces such as the attack carriers, whose principal capability is associated with local war.

c. On guided missiles the Air Force commented that missiles programmed for use in various Fleet units such as attack carrier forces should not be supported in the supplemental. The Air Force stated that the general war capability of this type is so small, that expenditures to support missiles for these elements are not warranted when weighed in the balance against items that will have a great deterrent or fighting capability for general war.

The Marine Corps submitted only one item and that was \$83 million to support an increase in personnel strength to 200,000. None of the Services supported the Marine Corps request except the Navy, and we reduced our support to only \$23 million for the Marine Corps under the \$2.5 billion category and \$0 under the \$1.5 billion category.

The Army requested over a billion dollars for development of both NIKE-ZEUS and TALOS as anti-ICBM missiles. The remainder of over a billion and a half dollars they requested for air defense, R&D, Satellites, and Modernization of both overseas and continental-based divisions.

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We supported the Army only to the extent of \$502 million for all of their items under Total Service Submission, \$362 million under the \$2.5 billion category, and \$285 million under the \$1.5 billion category. The funds we allowed were principally for R&D and modernization of Army overseas divisions. We allowed no funds for satellites and space vehicles for either of the other Services since this program should be part of a national program as distinct from each Service going off and generating billion dollar programs on its own. The Army consistently throughout their items requested hundred of millions of dollars to cover not only the development, but the production and deployment aspects of the item as well, even though some of the items were still just a gleam in somebody's eye. The Air Force was guilty of this also.

The Air Force requested \$259 million for development of an ICBM MINUTEMAN Weapon system. The Air Force has a long ways to go before they will even have the ATLAS, and its successor, the TITAN. The MINUTEMAN, which is to be a solid propellant missile, would conceivably be a close successor of the first two, but according to the Air Force would have shore-based mobility. It appears that by means of the MINUTEMAN project the Air Force hopes to kill our POLARIS program. They have made drastic claims about the minimum costs and time scale of completion of MINUTEMAN in comparison with POLARIS.

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While asking for funds to accelerate all three of the above ICBM's, the Air Force also requested funds to accelerate the B-70 chemincally-powered bomber for the same time period, as a replacement for the B-52.

The Air Force also requested funds for the GAM-77 missile (air-to-surface stand-off missile for B-52's), further production of B-52's and tankers, "astronautics" (Space), ATLAS, TITAN, BOMARC, THOR/JUPITER, C-130's, SNARK, and Ballistic Missile Early Warning systems (BMEW).

We bought only a small part of what the Air Force tried to sell SECDEF. We supported the Air Force to the extent of \$597 million under "Total Service Submission" and under the \$2.5 billion category, and ~~and~~ \$364 million under the \$1.5 billion category. We allowed funds primarily for R&D, and to keep the production lines open on B-52's, and to increase the number of SNARK squadrons and SNARK missiles which the Air Force doesn't want much for some reason we don't understand since it is a good missile.

The JCS submitted their paper comprising each Chief's comments to SECDEF on 12 March. Mr. McElroy reviewed the paper and from it, drew up a \$1651.7 million package which he again on 17 March asked the JCS to comment on. The Chief's submitted their individual views on this package on 19 March and on the next day SECDEF gave us a run-down on what he had approved.

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We made out pretty well in this two-day exchange, gaining \$93.6 million.

The following is a chronological summary of the amounts finally approved for each Service:

	Original SECDEF list of 27 Feb		SECDEF list of 17 March		SECDEF final list of 20 March	
	AMT	%	AMT	%	AMT	%
NAVY	1503.6	25	541	33	634.6	34
ARMY	2605	43	228.7	14	328.7	18
AIR FORCE	1680.2	27	782	47	757	40
ARPA	300	5	100	6	150	8
	6088.8	100	1651.7	100	1870.3	100

The following items were approved by the SECDEF:

<u>Navy</u>	Millions of Dollars	Percentage
	400	
POLARIS	71	
NRRO	125	
ASW	38.6	
Pacific Missile Range	634.6	34

Army

AICBM (including NIKE-ZEUS)	225	
Army Modernization	*100-125	
Acoustic Detection (ICBM early warning)	3.7	
	328.7	18

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Air Force

TITAN	100	
MINUTEMAN	100	
GAM-77	91	
B-52/KC-135	456	
FPS-17 (large radar)	10	
	<u>757</u>	40
Advanced Research Projects Agency	150	
	<u>150</u>	<u>8</u>
GRAND TOTAL	1870.3	100

* Final figure yet to be resolved

The funds for the Navy will provide the following:

POLARIS: Provide an additional two submarines to increase the number available by 1961 to a total of five. Provide one FBM submarine tender. Increase the capacity for missile production. Provide training equipments and training facilities in FY 1959 for the FBM weapon system crews. Provide additional R&D effort. Advance the present construction schedules for VLF and HARE shore stations in order to provide a continuous communication command link. Procure missiles for flight test and ship fills.

NRRO: Provide for constructing and equipping this facility.

ASW: \$48 million of these funds is for R&D. The remaining \$77 million is for procurement of ASW equipments, including the acceleration and improvement of Project CAESAR, improved sonars, sonobuoys, mines, torpedoes, and helicopter-drone weapon carriers for destroyers. The money for sonars will enable us to

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increase the range of the SQS-4 and accelerate the availability of the 30-mile (SQS-26) and the 100-mile (LORAD) sonars for our new destroyers, submarines and frigates.

Pacific Missile Range: The funds will provide for part of the total expansion of the current range facilities required to support the high priority programs of the other Services.

This isn't over yet -- and much may happen before all or any of this is approved by the President or passed by the Congress. Expenditures for '59 is one of the hurdles.

This is an interesting place -- this Washington. Wish you were here!

*Tonight, supplemental was again received by
BuBud and Sec Def. Out of original Army
was cut 62. - Navy 103 - A.F. 118 million.*

We took the cuts as follows:

<i>Polaris</i>	<i>- 21.5</i>	
<i>NRRO</i>	<i>- 11.0</i>	
<i>Pacific Range</i>	<i>- 2.5</i>	
<i>ASW</i>	<i>- 13.0</i>	
<i>* AV Cav.</i>	<i>10.0</i>	<i>(Tender for P64)</i>
<i>FBM Tender</i>	<i>26.0</i>	
<i>* AE</i>	<i>19.0</i>	<i>* Out of 59 regular budget.</i>
	<i>103.</i>	

Best regards.

Arleigh Burke

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